

EXHIBIT B

**OPEN LETTER TO GENERAL UNSECURED CREDITORS RECOMMENDING THAT
THEY VOTE TO REJECT THE PLAN AND OPT OUT OF RELEASES**

Dear General Unsecured Creditors:

The Official Committee of Unsecured creditors (the “Official Creditors’ Committee”)¹ of Payless Holdings, LLC and its affiliated chapter 11 Debtors (the “Debtors”) is the statutory fiduciary representative of general unsecured creditors of the Debtors appointed by the office of the United States Trustee, a division of the United States Department of Justice, and for the reasons set forth below strongly urges general unsecured creditors in Classes 5A and 5B to vote to **REJECT** the Debtors’ Plan enclosed with this letter [and **OPT OUT** of the Releases described below]. As described below, the Official Creditors’ Committee believes that the Debtors’ plan does **NOT** comply with the Bankruptcy Code and gratuitously releases potentially valuable claims that could provide a meaningful recovery to general unsecured creditors.

Because the Official Creditors’ Committee believes the Plan fails to comply with the Bankruptcy Code, it intends to vigorously object to the Plan on numerous grounds, including:

- **Extremely Valuable Claims are Inappropriately Released to the Detriment of General Unsecured Creditors.** The Plan contains broad, gratuitous direct and third party releases for the benefit of the two private equity firms, Golden Gate Capital and Blum Capital (the “Sponsors”), who initiated a leverage buyout of the Debtors in 2012 and caused Payless to pay them more than \$350 million in dividends in 2013 and 2014. In addition, the Debtors are seeking to release all of their current and former officers, directors, bank agents, prepetition lenders, DIP lenders and exit lenders and their respective officers, directors, agents, employees and professionals. All of these releases are being given for no consideration to the general unsecured creditors, notwithstanding that the Official Creditors’ Committee has conducted an investigation by counsel and one of the nation’s foremost valuation experts, Professor Israel Shaked. The Official Creditors’ Committee’s investigation, the details of which are summarized in a 135 page report that has been filed with the Court and shared with the Sponsors and lenders, indicates there are potentially valuable colorable claims against the Sponsors and the other proposed released parties that would allow for the recovery of the \$350 million of dividend payments illegally paid to the Sponsors (and perhaps other payments such as many millions of dollars of “management” fees paid to the Sponsors). Interestingly, the Debtors’ independent director, Charles Cremems, who has ties with the Sponsors has not concluded his “independent” investigation in over 6 months. The fact that

¹ The members of the Official Committee of Unsecured Creditors of Payless Holdings, LLC and its Affiliated Debtors are Simon Property Group, C and C Accord, Ltd. (i.e., Diba Far East LLC), Moda Shoe, Ltd., Qingdao Doublestar Mingren Imp. & Exp. Co., The Asean Corporation, Ltd. (i.e., Steve Madden), GGP Limited Partnership, Brixmor Property Group, Inc.

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the Debtors are seeking to release these potentially valuable claims for no consideration is illegal, is wrong and makes the plan unconfirmable.

- **The Plan Does Not Satisfy the “Best Interests of Creditors.”** One element to confirm a plan under the Bankruptcy Code is that creditors must get a better recovery under the proposed Chapter 11 plan than they would if the case were converted to a chapter 7 liquidation. This is called the “best interest test”. Here, because the recovery to the general unsecured creditors in Classes 5A and 5B is worse under the Plan than it would be in a Chapter 7 liquidation, the Plan fails the best interest test, and cannot be confirmed. Thus, the Debtors must increase the recoveries to the general unsecured creditors in order for the Plan to be confirmable.
- **The Plan Is Not “Fair and Equitable”, and Was Not Proposed in Good Faith.** The Plan is blatantly discriminatory in its treatment of general unsecured creditors and represents a collusive bargain struck by and among overlapping insiders, lenders and equity owners of the Debtors to take ownership of the Company, while they receive overbroad releases insulating them from liability. Accordingly, the Plan does not meet the “fair and equitable test” for cram down. It also does not satisfy the separate statutory requirement that a plan of reorganization be proposed in good faith and comply with the Bankruptcy Code. Accordingly, for these reasons alone the Plan is not confirmable.

On June 13, 2017, the Official Creditors’ Committee filed a motion (the “Standing Motion”) seeking standing to pursue claims against the Sponsors and many of the other proposed released parties under the Plan. The Standing Motion includes a copy of a draft complaint (the “Complaint”) alleging causes of action for acts arising from, among others things, breaches of fiduciary duty, fraudulent transfers, and payment of illegal dividends. The Complaint is seeking to recover sums from the Sponsors and other defendants named in the Complaint in a gross amount that would provide a very meaningful recovery to general unsecured creditors – substantially more than the amount being offered under the Plan.

The Official Creditors’ Committee intends to vigorously oppose confirmation of the Plan, which is scheduled to be hearing on July 24, 2017. In addition to objecting to confirmation of the Plan, the Official Creditors’ Committee will take such other actions as are necessary and appropriate in this case to protect the interests of general unsecured creditors, including, without limitation, seeking to terminate the Debtors’ exclusive right to file a plan so that the Official Creditors’ Committee can file its own proposed plan. However, the Official Creditors’ Committee needs your help by making sure that you vote to

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REJECT THE PLAN and OPT OUT OF THE RELEASES by the voting deadline of July, __, 2017.

In summary, the Official Creditors' Committee urges general unsecured creditors in Class 5A (other general unsecured claims) and Class 5B (worldwide general unsecured claims) to vote to REJECT THE PLAN and OPT OUT OF THE RELEASES by the voting deadline of July __, 2017.

General Unsecured Creditors who wish to contact the Official Creditors' Committee or express their support for the positions articulated by the Official Creditors' Committee are invited to contact its counsel, Pachulia Stang Ziehl & Jones, LLP, Attn: Jeffrey Pomerantz, Robert Feinstein or Bradford Sandler.

Very truly yours,

THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF PAYLESS
HOLDINGS, LLC AND ITS AFFILIATED
DEBTORS²

BY: _____

Ronald Tucker, on behalf of Simon
Property Group as Co-Chair of the Official
Creditors' Committee

BY: _____

Jayne Neal, on behalf of C and C Accord,
Ltd. as Co-Chair of the Official Creditors'
Committee

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